



DEPARTMENT OF AGRICULTURE

Rural Housing Service

[Docket No. RHS-23-MFH-0018]

Decoupling Rental Assistance: Virtual Public Listening Sessions

AGENCY: Rural Housing Service, USDA.

ACTION: Notice of meeting.

SUMMARY: In accordance with a Congressional directive in the FY2023 Consolidated Appropriations Act, the Rural Housing Service (RHS or the Agency), a Rural Development agency of the United States Department of Agriculture (USDA), will be hosting two virtual listening sessions to obtain stakeholder information on potential decoupling of section 521 Rental Assistance from section 515 Rural Rental Housing loans at the time of loan maturity. Both sessions will be open to the public.

DATES: The virtual listening sessions will be held on July 19, 2023, beginning at 2:00 p.m. (ET) and on July 25, 2023, beginning at 2:00 p.m. (ET).

ADDRESSES: The listening sessions will convene virtually on the Zoom platform. All participants must pre-register. To register for the July 19, 2023, session, please use the following link: https://www.zoomgov.com/webinar/register/WN_S8IV8KZ2TjKU-v231VIXhA. To register for the July 25, 2023, session, please use the following link: https://www.zoomgov.com/webinar/register/WN_A7a3cdjgRy6D6xWguP24Qw

A confirmation email, including the Zoom link and teleconference information for the meeting, will be sent upon receipt of the registration.

FOR FURTHER INFORMATION CONTACT: Stephanie Vergin, Policy Advisor, Multifamily Housing, Rural Housing Service, USDA, STOP 0781, 1400 Independence Avenue, SW, Washington, DC 20250-0781, telephone: (651)602-7820 (this is not a toll-free number); email: Decoupling@usda.gov

SUPPLEMENTARY INFORMATION:

Background

The section 515 Rural Rental Housing program loan portfolio includes nearly 14,000 Multifamily Housing (MFH) properties in rural areas nationwide. Approximately 80 percent of units financed with a section 515 loan also receive section 521 Rental Assistance (RA), a project-based tenant rent subsidy. By statute, when a section 515 mortgage matures or is terminated, the property is no longer eligible to receive section 521 RA, adversely impacting residents and creating an elevated risk of loss of affordable units in the section 515 portfolio. Between 2023 and 2033, approximately 137,000 affordable housing units will be lost due to maturing section 515 mortgages, with a potential to lose approximately 333,000 units by the year 2050.

For owners willing to continue providing affordable housing upon mortgage maturity, the agency is currently limited to debt modifications and deferrals to keep the section 515 mortgages in place, which enables the continued availability of RA. However, maintaining the section 515 mortgage with currently available preservation tools may adversely impact the property by discouraging critical investments from other local, State, and Federal sources or create a lack of equity for further recapitalization.

Decoupling of section 515 from section 521 Rental Assistance is a tool for preservation of rural multifamily housing properties. It will allow for the continuation of the project-based RA to MFH tenants, who had an average annual household income of approximately \$13,000 in Fiscal Year 2022, while also encouraging new third-party investment and recapitalization of the aging MFH portfolio.

Meeting Agenda

The Fiscal Year 2023 President's Budget included a request to decouple section 521 RA from section 515 loans to facilitate the rehabilitation and preservation of the Multifamily Housing loan portfolio. Congress directed USDA to conduct a series of stakeholder meetings and provide a report on how decoupling would be implemented. Therefore, RHS MFH is seeking

stakeholder input on how decoupling might impact the current section 515 and section 521 policies, program requirements and operations. In addition to participating in the listening sessions, stakeholders may provide written comments to the agency on MFH decoupling until **July 31, 2023**. Comments may be submitted to Decoupling@usda.gov.

After the listening sessions, a report will be developed for Congress summarizing stakeholder input and identifying strategies for implementation of MFH decoupling.

Joaquin Altoro,

Administrator,

Rural Housing Service.

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